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UMJINDI

Municipality

MP 323

UMJINDI MUNICIPALITY (MP 323)
MEDIUM-TERM REVENUE and EXPENDITURE FRAMEWORK
(MTREF BUDGET 2009/2010)

1. INTRODUCTION:

The second term of the new democratic electorate and the specific focus on securing a better life for the residents of Umjindi has essentially resulted in the development of the 2009/2010 Medium-Term Revenue and Expenditure Framework (MTREF). The Medium-Term Budget was compiled with a view to addressing key service delivery challenges, focusing on the priorities to ensure that the Municipality indeed works better for all its citizens, residents and business.

The Umjindi Municipality has prepared this Budget for the 2009/2010 Financial Year, amounting to R180 million increasing to R187 million in 2011/2012. This represents an increase of 18 % over the previous year (2008/2009) and is largely due to significant grant funding from National Government for Infrastructure Development. Resources have been allocated to uplift underdeveloped areas, maintain existing infrastructure and fulfill strategic priorities in the Integrated Development Plan (IDP).

This budget also coincides with the implementation of the Property Rates based on a new general valuation of Property which was compiled in terms of the Municipal Property Rates act. The basis of valuation has changed from rating land on market value to one of full market value on both land and buildings. The last general valuation was conducted in January 2003.

The Budget has been prepared in terms of guidelines as contained in National Treasury's MFMA Circular No 28.

The Budget recognizes that there are many exciting opportunities for Umjindi and its residents, and acknowledging that there are a number of serious challenges that must be addressed to ensure ongoing prosperity and quality of life.

The Municipality is serious about meeting the challenges of creating an area with an enabling environment for all citizens to utilize their full potential and access opportunities which will enable them to contribute towards a vibrant and sustainable economy.

2. BUDGET PROCESS:

2.1 Overview:

The Budget process is governed by the legislation, viz:

- Municipal Finance Management Act; and
- Municipal Systems Act

The Budget process is an effective process that every local government must undertake to ensure good governance and accountability. The process outlines the current and future direction that the Umjindi Municipality would follow in order to meeting legislative stipulations. The budget process enables the Municipality to optimally involve residents and other stakeholders in the budgeting process.

The Municipality's Budget / Integrated Development Plan (IDP) review process for the 2009/2010 Financial Year started with the development and approval on 22 July 2008 of the "Process Plan for the Budget

formulation and IDP Review" with a final approval of the Draft Integrated Development Plan (IDP) for the 2009/2010 year on 26 January 2009

The outcome of the process plan was an understanding and commitment by all the stakeholders on the process to be followed in reviewing the IDP as well as formulating the budget.

To assist with the process, all departments were requested to present their proposed budgets to Senior Management. Regular meetings were scheduled to assist with the integration between the IDP and Service Delivery and Budget Implementation Plan (SDBIP).

Meetings were held to ensure that the increase in rates and tariffs was restricted to an acceptable level. This entailed the re-examining of certain items of expenditure and the effect of the new rating system for assessing Property Rates.

The Capital Budget has been dictated mainly by the projects already approved by the Municipal Infrastructure Grant, the funding of which is extremely small for the number of projects involved.

2.2 Political Oversight of the Budget Process:

The key to strengthening the link between priorities and spending lies in enhancing political oversight of the budget process. Section 53(1)(a) of the MFMA states, that the Mayor of a Municipality must provide political guidance over the process and the priorities that must guide the preparation of the Budget.

The Management team has a significant role to play in the financial planning process. Strengthening the link between Government's priorities and spending plans is not an end in itself, but the goal should be to enhanced service delivery aimed at improving the quality of life for all people within the boundaries of Umjindi.

Budgeting is primarily about priorities and choices that the Municipality has to make in deciding how to meet the agreed set of policy objectives through better service delivery. Political oversight of the budget process allows Government and in particular, the Municipality to manage the divergence between competing policy priorities and fiscal realities. The Management Team and the Executive Committee advise Council accordingly.

2.3 Schedule of key deadlines relating to budget process:

The budget time schedule for the compilation of the 2009/2010 Medium Term Budget was approved by Council on 26 November 2008 well before the start of the Budget year and in compliance with the MFMA. One of the objectives of the budget timetable is to ensure integration between the development of the IDP and the budget and also to ensure that a balance is tabled for consideration and approval.

2.4 Process for consultations with each group of stakeholders and outcomes:

The tabling of this Budget in Council on 28 May 2009 was followed by extensive publication of the Budget Documentation in the Local Newspapers. Copies of the tabled Budget in both printed and electronic formats will be submitted to National Treasury as well as the Mpumalanga Provincial Treasury and the Department of Provincial and Local Government (DPLG). The tabled Budget will also be published on the Council's website at www.umjindi.gov.za

In terms of the Municipal Systems Act and in conjunction with the Municipal Finance Management Act, Public hearings on both the operating and capital budgets was held but will continue during May/June 2009 due to the elections in April 2009 which caused the consultation process to be postponed.

3. BUDGET OVERVIEW: EXECUTIVE SUMMARY

Background:

The 2009/2010 Medium-term Budget has to comply with the Municipal Finance Management Act (No 56 of 2003) and is a financial plan to enable the Municipality to achieve its vision and mission through the IDP which is informed by our five year programme and community / stakeholder inputs.

The adoption of the 2009/2010 Medium-Term Budget for the Umjindi Municipality will lay the foundation by which strategic functions within the Municipality can supply sound financial planning and management over the medium to long term. It will facilitate the critical alignment of planning, budgeting and sustainable service delivery in line with Umjindi's vision of being a place where people can live a vibrant, economic, viable, preferred destination.

3.1 Past and current Performance, Achievements and Challenges:

The challenges to improve the quality of the lives of our people has been immense but has also resulted in milestones being achieved for Umjindi and its people. We have been able to overcome obstacles and that, has characterized our success as a Municipality.

During the past few years we have tried to fast track the provision of basic services to the previously disadvantaged communities. As part of the institutional transformation and in an endeavor to build an efficient administration, we are constantly reviewing service delivery mechanisms in relation to basic services in order to ensure improved service delivery.

Like many South African Municipalities we face considerable infrastructure challenges, arising from aging existing infrastructure as well as housing backlogs, population growth and economic growth and development. In general, these challenges are far beyond the capacity to finance on our own. One of the major challenges is the creation of employment.

Crime remains one of the biggest challenges and we need to ensure that we create partnerships to deal with this scourge once and for all. Although progress has been made with the reduction in the numbers of HIV/AIDS infections and other illnesses, it still remains a specific challenge requiring us all to get involved to create a better life for all.

We strive to deliver services efficiently, effectively and economically as a Municipality. These are never easy tasks as our needs are great.

3.2 Alignment with National and Provincial Priorities:

Successful alignment of the Municipality's service delivery priorities as embodied in the IDP and its focus areas, objectives and perspectives to that of National and Provincial Government is seen as critical if we are to achieve our developmental goals and to ensure maximum impact. The Municipality is confident that this budget is structured to give effect to the strategic priorities and to support long term sustained growth and development in line with National and Provincial objectives.

The following five principles are part of National Government's framework to enhance the social, cultural and economic welfare of all South Africans:

- Protecting the Poor
- Sustaining employment growth and expanding training opportunities
- Building economic capacity and promoting investment
- Addressing the barriers to competitiveness that limit an equitable sharing of opportunities
- And in doing these things we must maintain a sustainable debt level so that our actions today do not constrain our development tomorrow

In carrying out these principles the Municipality needs to take the following into consideration:

- Increased spending on infrastructure
- Fiscal measures to support investments and poverty relief
- Initiatives to promote more efficient use of energy and water resources
- Strong growth in public spending is sustained to support long term growth and social development
- Enhancing the quality of education and skills development
- Improving the provision of health care, with particular emphasis on reducing infant, child and maternal mortality rates, and broadening prevention of treatment programmes tackling HIV and AIDS and Tuberculosis (TB)
- Investing the criminal justice sector to reduce crime levels and enhance public safety
- Expanding investment in the built environment to improve public transport and meet universal access targets in electricity, water, sanitation and housing.
- Decreasing rural poverty by taking steps to raise rural incomes and improve livelihoods by enhancing access to land and providing support for emerging farmers.

The Vision of the Provincial Government for 2009/2010 is:

"A Solid Foundation for a Democratic and Prosperous Mpumalanga has been laid"

In addition the following key policy areas are the topic of the 2009/2010 Provincial Budget:

- To continue strengthening relations that have been enshrined in formal co-operative agreements with a specific focus on value adding programmes that directly contribute to our growth and development efforts.
- To support the National foreign policy direction. In this regard playing a pivotal role in African Renaissance and strengthening African Renaissance efforts on the African Continent.
- To continue to expand the drive of economic diplomacy that South African has commenced, since 2006.

The policies underpin the priorities of the past 5 years which are:

- Strengthening Governance and Service delivery
- Integrated Investment in community infrastructure
- Promoting Sustainable economic development and job creation
- Developing Human Capability

- Implementing a comprehensive provincial response to HIV and AIDS and
- Fighting poverty and protecting vulnerable groups in society

Local priorities were identified which are mainly in line with the abovementioned National and Provincial priorities.

Local Priorities:

- To build a functionally efficient and Local Government Structure
- To maintain financial stability and sustainability
- To create an integrated and efficient spatial structure
- To promote equitable access to infrastructure and basic services
- To improve the standard of living for the entire community of Umjindi Municipality
- To facilitate economic development and growth

3.3 Political Priorities and linkages to the IDP:

All operating and capital programmes for 2009/2010 Medium Term Budget have been evaluated through a prioritization mechanism that was developed to ensure that there is alignment to the developmental strategy for the Municipality.

The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities.

3.4 Key External Socio Economic Factors and other assumptions:

The Umjindi Municipality competes in a global business environment for investments to ensure economic growth against other towns (eg. Nelspruit and Malelane) for tourism spending, as both spur job creation. Further growth will be limited in the next few years as upward pressure is experienced in the cost of service delivery and the increase in interest rates and inflation rate. Factors that the Municipality has minimal control over and that impact the most on the cost of the Municipality relate to increase in the procurement of bulk services and remuneration.

A further challenge in the next few years will be the need for each and every citizen to conserve the use of both electricity and water, now both scarce resources. Every effort will be made by the Municipality to try and mitigate the effects of load shedding by implementing plans to assist the people to save electricity and also to reduce the negative effects to local business when there is load shedding.

The downturn in the global economy and the global effects of recession in many countries will have an impact on South Africa during the next financial year. Job losses will impact on not only the cities but also on the local economy as people return to their homes in order to try and find employment.

3.5 Free and Subsidized Basic Services:

South African Municipalities are charged with a special developmental responsibility in respect of service delivery to the urban poor. For Municipalities, this takes the form of seeing to the provision of subsidized or free services, and also housing provision, to poor households.

The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, because of adverse social and economic realities. The social package will also assist the Municipality in meeting its constitutional obligations. However, in order for us to continue to deliver these services in a financially sustainable manner, all residents will have to pay for services over and above the free basic services provided.

3.6 Consultative Process – Outcomes:

Since 2000, the Municipality has ensured that there is greater public participation in the budgeting process and communities are informed timorously about road shows that we embark on. The tabling of this Budget to Council in March 2009 will be followed by extensive publication of the Budget Documentation and various public participation and community consultative meetings will be held to receive submissions from stakeholders.

Due to unforeseen circumstances and the National Elections during April 2009 the Budget Consultation meetings did fall behind and had to be postponed but did continue during May/June 2009.

Section 2392) of the MFMA stipulates that “after considering all budget submissions, the Council must give the Mayor an opportunity-

- (a) To respond to the submission, and
- (b) If necessary, to revise the budget and table amendments for consideration by Council.”

3.7 Levels of Rates, Service Charges & other Fees and Charges:

In order to remain financially viable and sustainable, sufficient resources must be generated. As limited scope exists to generate alternative revenue, it is necessary to increase rates and tariffs. The determining of tariffs is the responsibility of Council as per the provision of the Local Government Systems Act. Affordability is an important factor when considering any rates and tariff increases. Tariff setting plays a major role in ensuring desired levels of revenue by assisting in the compilation of a credible and balanced budget to accommodate the acceleration of basic services. There has to be alignment between the resources of Municipalities, level of service and customer expectations.

3.7.1 Rates:

The levying of rates in terms of the Municipal Property Rates Act will have an impact on the rates individual property owners will pay with effect from 1 July 2009. As properties are now being assessed based on the market value (which had substantial gains in value), there would generally be an increase in the rates levied. The cent in the rand (randage) has been adjusted downwards to compensate for the higher values. In addition, the impact on the indigent, pensioner, disability grantees and lower and middle-income ratepayers was considered to ensure a limited impact.

Revenue neutrally has been maintained using existing income per category of property as a base to calculate the rate randage for the New Year. The rating of property based on market value has resulted in a minimal shift in incidence between different categories of property. State property is now rated in accordance with usage resulting in a shift incidence to other property categories, particularly business, commercial, as well as vacant land.

Analysis of Valuation Roll:

Total number of properties: **11833**

Residential Property

Total number of residential properties: **7002**

Business and Commercial:

Total number of properties: **458**

Industrial:

Total number of properties: **74**

Vacant Land:

Total number of properties: **3520**

Agricultural Properties:

Total number of Agricultural properties: **Agricultural 563**

Total number of Agricultural properties: **Residential 164**

Total number of Agricultural properties: **Industrial 18**

Total number of Agricultural properties: **Business 10**

Total number of Agricultural properties: **Special 24**

3.7.2 Water and Electricity:

The proposed electricity tariffs reflect an average increase of 29% which is mainly due to the proposed above average increase by ESKOM as applied for to the National Electricity Regulator (NERSA).

The above average increases are expected to be reviewed and amended as NERSA did not yet approved ESKOM application for a tariff increase.

The 8% increase in Water tariffs for the 2009/2010 year are as a result of (amongst other factors) the increase in maintenance of ageing infrastructure and shortage of water resources.

3.7.3 Sanitation:

The 8% increase in Sanitation (Sewerage) is unavoidable to ensure sustainability of the service – a new method of calculating of the tariff will have to be investigated.

3.7.4 Refuse:

It has been necessary to increase this tariff by 8% to try and bring this service to a point where it breaks even. The increase will be slowly adjusted until the service is economic It is currently impacting on the Rates and General Services budget.

3.7.5 General:

The following are other general contributory factors for the increase in levels of rates and service charges:

- Provisional Salary increase of 13% with the effect of 1 July 2009
- Provisional Increase in the Councilors allowance of 10% with the effect of 1 July 2009
- Provision of basic services
- Increase maintenance of network & structures
- General increase of living costs and fuel.

The tariffs and charges for the 2009/2010 year are reflected on a separate document approved together with the budget

3.8 Fiscal Strategy, Financial position, ongoing viability and sustainability:

Umjindi Municipality financial strategy to ensure the availability of funds to cover all operating and capital requirements and the long term sustainability of the organization include amongst others:

- Review of the tariff policy and all user charges and fees to ensure annual price increase are guided by inflation
- Ensuring that all grants available from National and Provincial governments are accessed
- Review and enhancement of the Credit Control Policy

3.9 Budget Summary:

3.9.1 Budget Highlights:

The following are SELECTED items from Departmental Operating Budgets:

PROJECT / ITEM	R'M
Provision of Free Basic Electricity (50 Kwh) to all residential consumers	R2.7
Provision of Free Basic Water (6 Kl) to all residential consumers	R2.2
Provision of Free Basic services: Property rates, Sewerage, Refuse and Alternative energy (GEL) for Indigents customers	R3.6
Working Capital (Bad Debts)	R3.5
Repairs & Maintenance *	R6.6
Roads maintenance	R1.0

*Overall repairs and maintenance amounts to R6, 601,252.00 million for the year, which represents 3.41% of the total budget.

Capital Programme highlights and elimination of backlogs:

Ensuring that communities remain sustainable is becoming one of the greatest challenges for the Municipality. It is clear that sufficient resources are not available to eliminate all backlogs at current service levels.

Without additional sources of revenue, the Municipality has to consider alternative options. Various alternative funding options are being considered for inclusion in the Long Term Financial Strategy.

The projected Capital Expenditure budget for the 2009/2010 MTREF period is R 47 million (2008/2009 – R29 million)

The following are some of the MAJOR Capital Investments which have been included in the Medium Term Capital budget:

PROJECT / ITEM	R'M
Electricity Infrastructure for the next 3 years	R37.1
Water Infrastructure for the next 3 years	R39.7
Upgrade of Roads, both urban and rural for the next 3 years	R21.1
New Financial Management system	R3.5
Special projects (Proceeds on selling of property)	R11.8

Impact of Capital Budget on Operating Budget

During the prioritization process of the Capital Budget, the impact of capital projects on future operating budgets is assessed and considered prior to these projects being approved.

The following main operating cost components are considered:

- Additional staff costs
- Additional leasing costs to ensure service delivery e.g. Grader, Backactor
- Cost of maintenance of assets
- Depreciation costs (non cash)
- Transport costs

Projects may also result in revenue generation e.g. which is offset against costs to determine real impact on the operating budget.

3.9.2 Key Issues:

Operating Budget:

Salaries & Allowances

This expenditure is continually being reviewed and as a result the percentage Salaries and Allowances of the total Operating Budget has increased steadily over the years due to the increase in the overall number of staff. However, year on year (2008/09 – 2009/2010) the employee related costs does increase which is mainly attributable to the provision for a salary increases of 13 % (2009/2010 Provisional) against the 8.3% for 2008/2009).

Provision has not been made in the Budget for the review and revision of grades, the full impact of which can only be determined once the grading process and the job evaluation has been completed.

Unfunded Mandates:

In addition to the core functions that the Umjindi Municipality has to carry out in terms of the Constitution, other non-core functions and services are being provided, which in terms of the Constitution fall under the responsibility of National or Provincial Authorities. These functions include the provision of Health Services, Libraries, Museums, Housing.

The reduction or non-payment of subsidies for these services requires the Municipality to allocate its own resources to make up the shortfall.

The Health function has been finalized and the Municipality has entered into an agreement with the provincial government whereby the services has been transferred to the provincial health as from 1 April 2009.

The Municipality has over the past two years submitted claims for Health Services, which to date remain unpaid, which results in an additional burden on the ratepayer's ad consumers of Umjindi.

3.9.3 Highlights / Features of the 2009/2010 Operating Budget:

PROJECT / ITEM	R'M
TRADING AND OTHER SERVICES	
Electricity	
Cost of Electricity purchases from ESKOM including 29% tariff increase	R24.1
Repair and maintenance to the Electricity network and planned maintenance	R1.6
Water:	
Repairs and maintenance of ageing infrastructure and expansion of water service to rural areas	R1.1
Engineering:	
Maintenance of road networks and stormwater infrastructure	R1.9
Financial services:	
Replacing of Financial Management System	R3.5

4. ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN:

4.1 Vision of the Municipality:

The vision is guided by the Constitutional imperatives, which generally require all Local Governments' structures to be developmental in nature, and continuously strive to empower their communities socially and economically. Umjindi's vision is to create a vibrant, economic, viable, preferred destination.

4.2 Mission:

Umjindi Municipality commits to create a sustainable economic environment

4.3 Strategic Focus Areas:

A Long Term Developmental Framework (LTDF) needs to clearly map out the strategic vision for the Umjindi Municipality over the next ten to twenty years. In an effort to achieve a 2020 vision the LTDF should present the outline of the following set of complex development priorities facing the area that needs to be addressed both in the short and longer term:

- Low economic growth and unemployment
- Poor access to basic household services
- High levels of poverty
- Low levels of literacy and skills development
- The issue of HIV/AIDS and other diseases
- Exposure to unacceptable high level of crime and risk
- Unsustainable development practices
- Ineffective, inefficient, inward looking Local Government

The essence of a LTDF is to achieve a balance between meeting basic needs, strengthening the economy and developing people skills and a technology base for the future. In an effort to achieve a 2020 vision, Strategic Focus Areas of intervention for the next 5 years need to be balanced and integrated. Given the strategic framework that is to be outlined it is clear that the area's budget must be pro-growth budget that meetings basic needs and build on existing skills and technology.

The IDIP outlines SIX PLANS, which responds to the Municipality's vision and values, thereby directing strategic focus areas, key programmes and strategic projects that are linked to the Council's Capital and Operating Budget. In this way we have alignment of the IDP and the Budget.. The six plans are:

- Organizational and institutional transformation
- Infrastructure and Services
- Financial Management (Stability)
- Social Development
- Democracy & Governance
- Economic Development

The delivery of these plans should ensure that the people of Umjindi are able to:

- Live in harmony
- Be proud of the area
- Feel protected
- Feel that the basic needs are being met

4.4 Municipal Values:

The Municipality has seven values that need to be considered when planning to take action in response to the vision. These seven values are:

- Participatory Democracy
- Transparency
- Integrity
- Equity
- Economy
- Efficiency
- Effectiveness

4.5 IDP Overview and Key Amendments:

The IDP, as a legislative requirement, is a five year plan whose principle purpose is to ensure the development of the local community in an integrated manner which involves strategic business units within the Municipality, relevant strategic stakeholders and the community.

In the annual review for the 2009/2010 year, the Six Point Plan of action has been retained as this will continue to guide the Municipality, but has once again refined and refocused our strategic programmes, so as to respond more effectively to key challenges.

4.6 Link between IDP and National / Provincial Priorities:

One of the objectives of the IDP is to align resources and expenditure with community needs. To fulfill this role, the Municipality needs to align itself with National and Provincial directives and raw these down into the spectrum of service delivery.

The Municipality's developmental plan needs to align with National and Provincial initiatives to ensure optimal impact from the combined effects of Government. In assessing National Government's Priorities "to develop social, cultural and economic welfare of all South Africans" we are pleased to note that ALL the priorities that more directly affect Local Government are being addressed by our Six Point Plan.

4.7 IDP Review Process and Stakeholder Participation:

As set out in the Municipal Systems Act (2000), in the review of the IDP on an annual basis, a stakeholder consultation process is necessary. Of critical importance is for the Municipality to ensure that there is thorough consultation with the community and strategic stakeholders. As part of the Annual Review of the Municipality's IDP as prescribed by the Municipal Systems Act, the Council embark on an extensive process to engage with stakeholders and elicit comments which are to be fed into the 2009/2010 reviewed IDP

As is the case every year, once the draft IDP is completed the following mechanisms are used to ensure effective participation and consultation of the plan:

- The draft IDP will be placed on the Council website for perusal and comment
- Every Council Library and Municipal Office will have copies for comment
- The document will be summarized and will be carried in our local newspaper and Municipal newsletter
- Local media will be informed of the IDP review and it will publicize the need for Civil Society organizations to comment on the document.

The reviewed IDP 2006/07 to 2011/2011 for the 2009/2010 year was submitted to Council at its meeting on 28 March 2009.

4.8 Link between the IDP and the Budget:

In compliance with the Municipal Structures Act (1998) and Municipal Financial Management Act (2003), our Municipal Budget is informed and aligned to the IDP objectives. The IDP determines and prioritizes the needs of the community.

The budgetary allocations for both the Capital and Operating Expenditure are undertaken in a manner that will not only ensure that our IDP outcomes are achieved but also to ensure that our town's vision is realized.

More importantly the Performance Management System (PMS) will allow the Municipality an opportunity to monitor and evaluate individual and organizational performance in meeting our IDP outcomes and vision. However until the job evaluation and task grading is completed the PMS cannot be cascaded down to all levels of staff.

5. BUDGET RELATED POLICIES : OVERVIEW & AMENDMENTS:

Over the years, the functions that local authorities have been expected to perform have increased according to the needs of the community. Unfortunately there has been no proportionate expansion in the Income source available to local authorities in order to services needed.

Municipalities must table a balanced and credible budget, based on realistic estimates of revenue that are consistent with their budgetary resources and collection experience. The needs of the residents and communities have to be met within the financial capacity of its own and resource constraints of the Municipality.

The following budgeted related Policies as attached to the Budget Item have to be approved by Council, or have to be reviewed / amended and / or are currently being reviewed / amended in line with National Guidelines and other legislation. These policies have been designed to keep the Municipality in a fiscally sound position in the short and long term.

5.1 Credit Control & Debt Collection Policy:

There is no amendment of the Credit Control and Debt Collection Policy.

5.2 Assessment Rates Policy:

Section 3(1) of the Local Government Municipal Property Rates Act, 2004 (Act 6 of 2004) and Section 62(1)(f) of the MFMA determines that a Municipality must adopt and implement a Rates Policy on the levying of rates on rateable properties.

The applicable assessment rate tariffs are reflected in the Resolutions to Council on the Budget.

5.3 Tariff Policy

In terms of S74 (1) of the Municipal Systems Act, the Council must adopt a Tariff Policy on 28 May 2009. The objectives of the Policy which is consistently applied to all tariffs is to ensure that:

- The tariffs of the Municipality comply with the legislation prevailing at the time of implementation
- The Municipal services are financially sustainable, affordable and equitable
- The needs of the indigent, aged and physically challenged are taken into consideration

The Policy is drawn in line with the principles as outlined in the Municipal Systems Act.

5.4 Supply Chain Management Policy:

The current policy, which was approved by Council in June 2006, and amended on 28 March 2008 reflects and represents the context of a specific government policy that finds expressions within the provisions of the Municipal Finance Management Act of 2003.

The principle objective of the policy is to provide, promote, and implement theoretical guidelines, governing processes and procedures within the Supply Chain Management.

5.5 Investment / Borrowing Policies:

A Cash and Investment Policy and guidelines as required by the Municipal Finance Management Act and in conformity within the Municipal Cash Management Regulations was adopted by Council on 29 May 2008. The Municipality has also prepared a borrowing Policy which is included in this Policy in compliance with the Municipal Finance Management Act.

5.6 Other Financial Policies approved by Council on 28 March 2009:

- 5.6.1 Budget Policy
- 5.6.2 Tariff Policy
- 5.6.3 Credit control and Debt collection Policy
- 5.6.4 Indigent Management Policy
- 5.6.5 Cash Management & Investment Policy
- 5.6.6 Supply Chain Management Policy
- 5.6.7 Debt Management Policy
- 5.6.8 Petty Cash Policy
- 5.6.9 Acting Allowance Policy
- 5.6.10 Travel & Subsistence Policy
- 5.6.11 Collection procedure Policy
- 5.6.12 Municipal Property Rates Policy
- 5.6.13 Municipal Property Rates By-law

5.7 Adjustment Budget Process:

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the Financial Management practices of Municipalities.

To ensure compliance with Section 28 of the MFMA, procedures were formulated with regards to the transfer of funds and the adjustment budget reporting.

6. BUDGET ASSUMPTIONS:

6.1 General inflation outlooks and its impact on the Municipal activities:

The South African economy has expanded continuously since September 1999, with the pace of growth slowing slightly in 2001 and 2002 and since 2003 we have grown by an average of 5% a year. Housing, Water, Sanitation and Electrification have been extended to millions of South Africans. During the past five years employment has increased at a faster pace than at any point in the past twenty years adding 1.5 million jobs. Preparations for the 2010 FIFA World Cup provided a strong boost to growth and investment over the medium term. Yet as the economy has grown more rapidly, it has also begun to show signs of strains as reflected in rising inflation. The world recession and the sudden slow down in the local economy will have a

negative impact on growth and will result in job losses and rising unemployment. Growth is expected to slow to 1.2%.

In the period ahead the pace of economic growth will have to be stimulated. Analysts forecast that the country did slide into a recession and with the uncertainty the course ahead will be tougher.

6.2 Key Financial Parameters:

Budget assumptions / parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievements of the longer-term Financial and Strategic targets.

The Municipal Fiscal Environment is influenced by a variety of macro economic control measures.

National Treasury determines the ceiling of year-on-year increases in the total operating budget, whilst the National electricity Regulator of South Africa (NERSA) regulates electricity tariff increase.

Various government departments also affect Municipal service delivery through the level of grants and subsidies.

Key parameters used in developing the operating budget are:

DESCRIPTION	2009/2010 %	2009/10 %	2010/11 %
Inflation Rates CPIX	5.8	5.3	4.7
Remuneration Increase (Provisional)	13	10.0	10.0
Telephones	6.5	5.3	4.7
Fuel & Oil	6.5	5.3	4.7
Postage	6.5	5.3	4.7
Printing & Stationary	6.5	5.3	4.7

6.3 Timing of Revenue Collection:

The Municipality bills its consumers monthly in respect of its services in the form of a consolidated bill.

6.4 Growth in tax base of the Municipality:

Debtors revenue is assumed to increase at a rate, which is a combined factor, influenced by the consumer debtors collection rate, tariff / rate pricing, and real growth rate of the area.

6.5 Collection rates for each revenue source and customer type:

The collection rate is the cash collected from consumers expressed as a percentage of the amount billed. The average monthly collection rate and projections for 2009/2010 are as follows:

Average Projections	2008/09	2009/2010
Rates and Services	91%	95%

Rates:

As a result of ongoing negotiations with Government Departments a higher collection rate has been achieved and is anticipated to continue. Progresses have to be made with collection of old debts (including Government Departments). There are still a number of areas where transfer is yet to take place, which

impacts on service delivery in that the ownership of homes and vacant properties is unknown. Therefore, it is difficult to undertake a needs assessment in these areas.

Water & Electricity:

Due to a focus on Government departments, businesses and domestic consumers that owe large amounts a higher collection rate is anticipated.

Electricity debt is reducing with lower consumption due to the high cost of electricity and media initiatives to encourage the saving of electricity.

Water debt however is increasing due to water consumption restrictions and not real successful debt collection mechanism available for water such as developed for pre-paid electricity meters to control the usage of water especially in rural areas.

6.6 Debt collection

The debt collection rate did drop from a monthly recover rate of 91% to 85% but still maintain a stable average of 91% for the 2008/2009 MTREF Financial year. The debt collection strategy was approved by council on 31 July 2008 but due to unforeseen circumstances and capacity the strategy was never implemented in full. The council on 21 May 2009 did reconfirm the Debt Collection Strategy and the implementation thereof to be implemented in full. The implementation of the strategy will lead to the reduction of outstanding debt and will lead to the increasing of the collection rates in the 2009/2010 MTREF Financial year.

6.7 Price movements on specifics:

An average provision of 29% has been made in respect of bulk electricity purchases from ESKOM with the estimated cost amounting to R24.1million. This however will increase with the approval of ESKOM application for a higher electricity increase by NERSA during June 2009.

6.8 Average Salary Increase:

The budgeted provisional salary increase is 13% for the fiscal year. At the time of preparing the budget a negotiated wage agreement had not yet been finalized by the Bargaining Council. As a result of the annualized effect of vacancies filled during 2008/2009 and the use of temporary staff, the year on year increase on employee related costs is 16%

6.9 Changing demand characteristics (Demand for service)

The demand for basic services i.e electricity, water, sanitation, refuse removal and cleansing is increasing together with infrastructure development, including the construction of roads and storm water drainage. In addition, the demand for free basic services is increasing on a year to year basis.

Furthermore, the roll out of water services to all consumers together with the extension of water borne sewerage infrastructure will place additional demands on services.

7. FUNDING THE BUDGET:

Fiscal Overview:

7.1 2007/08 Actual and 2008/09 Projected Financial Performance:

The Municipality must continue to display a sound financial profile and high liquidity levels.

- Balanced budgets being funded from current year's revenue. Prior year's surpluses have not been used to support the operating budget as the 2007/2008 Financial Year did close on a deficit of R2.8 million.
- The Municipality did not operate within its annual budget, as approved by Council.(Deficit of 2.8 million)
- The Municipality struggled to maintain a positive cash and investment position (2008/2009)
- Improved revenue collection rate to 94% (average) for 2007/2008 however dipped to a concerning low of 85% for 2008/2009.
- With the implementation of the Debt Collection strategy as adopted by council the increasing of the council's cash-flow and reduction of outstanding debts is foreseen to fund the 2009/2010 MTREF budget.

7.1.1 Operating Budget:

In respect of the 2007/2008 Financial Year expenditure in the amount of R109 million was funded from the Municipality's revenues and grants and subsidies from National and Provincial Government. A similar performance is expected for 2008/2009, with R155 million of expenditure being funded from revenue and grant funding. For both financial years, the revenue allocated was sufficient to cover the operating expenditure, with no reliance placed on the prior year's surpluses.

7.1.2 Capital Budget:

The Capital Budget totaled R29 million in 2008/2009. This was funded by National and Provincial Grants in the amount of R24 million and R5 million being funded from Council's internal sources.

In respect of the 2009/2010 Financial Year, the Capital Budget increased to R47 million. This will be funded by National and Provincial Grants in the amount of R26 million, R9 million being funded from Council's internal sources and R12 million from the proceed of selling of property (The capital funded out of the proceeds on the selling of property will only proceed with once all contracts has been approved and fully signed by all parties).

7.2 Mid Term Outlook: 2009/2010 – 2011/2012

Operating Budget:

The Operating Budget increased from R109 million in 2008/09 to R146 million in 2009/2010, R151 million in 2010/2011 and R158million in 2011/2012 respectively

The growth is mainly attributed to

- Increase in the staff establishment
- Increase in Government and Provincial operating grants
- Cost of addressing service delivery backlogs
- Repairs and maintenance to infrastructure
- Cost of bulk electricity
- Impact of increased capital spending on the operating expenditure.
- Increased living costs and fuel

Capital Budget

Over the next three years, 2009/2010 to 2011/2012 Capital spending is projected to grow substantially to approximately R121million in order to address some of the long outstanding backlogs in infrastructure.

Loan Debt & Investments:

In line with the anticipated budget performance, and taking into account the National and Provincial Grant allocations, the Municipality will continue to fund each financial year's operating budget from current revenues.

In terms of funding the Capital Budget, the Municipality relies heavily on funding from both National and Provincial Government as well as from the District Municipality.

The ability of the Municipality to deliver on progress depends a lot on its funding sources which are summarized as follows:

Capital:

	2009/2010 R'm	2010/2011 R'm	2011/2012 R'm
Total Capital Budget	R47	R32	R42
Funded as follows:			
Grant Funding	R26	R27	R37
Revenue Funding	R9	R5	R5
Special Internal Funding	R12	R0	R0

Operating:

The Municipality's receives its funding from many sources including Property Rates, Service Charges and Government Grants. The table below identifies the sources of funding for the 2009/2010 Financial Year:

	R'm	%
Assessment Rates	R14.6	8%
Service Charges (include Water & Electricity income)	R68.8	46%
Grant & subsidies	R61.7	33%
Other income	R37.1	20%

7.3 Sources of Funding:

In the case of Umjindi Municipality Tariff increases determines the most acceptable and equitable funding regime taking into consideration the actual cost of delivering services, budget priorities and National legislation, regulations and Policy guidelines.

The main sources of income for the Municipality are derived from Property Rates, trading services such as water and electricity and fiscal transfers from other spheres of Government.

7.4 Saving and Efficiencies:

To ensure value for money and an efficient utilization of resources, benchmarks have to be set. These benchmarks will have to be monitored on a quarterly basis and material deviations must be followed up at the highest levels. The culture of a performance driven organization must become evident.

In alignment with the IDP and SDBIP, Performance Plans and productivity measures have to be updated for all Departments. Outcomes per Department must be monitored on an ongoing basis and deviations from the norm highlighted and followed up.

The Municipality will be looking at various initiatives, aimed at keeping the Salaries and Allowances expenditure to within 30% of the Total Budget. Initiatives include strict monitoring of Overtime. The top earners and staff that receive overtime in excess of 50% of their basic salary will be scrutinized. In order to comply with the Basic Conditions of Employment Act, staff that work more than 10 hours overtime per week will be investigated in order to reduce overtime costs.

In order to ensure that the proper authority and delegation of authority is used to approve contracts and payments to suppliers, a Supply Chain Delegations Policy has been implemented that assists in identifying which official has what authority and to what limit these officials are permitted to authorize requisitions and approve payment of invoices to suppliers.

7.5 Grant Allocations:

In recognition of the critical role that Municipalities play in the delivery of Social and Household services transfer to Local Government have grown each year.

The following grants allocated to the Municipality in terms of the 2009 Division of Revenue Act (No 12 of 2009 dated 3 April 2009) have been included in this Medium Term Budget.

	2009/2010	2010/2011	2011/2012R
Financial Management Grant	R750,00.00	R1,000,000.00	R1,250,000.00
National Electrification Programme	R8,960,000.00	R8,731,000.00	R15,000,000.00
Equitable Share	R28,855,201.00	R35,775,600.00	R39,071,815.00
Municipal Systems Improvement Grant	R735,000.00	R750,000.00	R840,000.00
Municipal Infrastructure Grant (MIG)	R16,082,000.00	R18,630,000.00	R22,402,000.00
Other Grants	R6,344,516.00	R3,159,547.00	R169,120.00

8. DISCLOSURE ON IMPLEMENTATION OF MFMA AND OTHER LEGISLATION:

The promulgation of the Municipal Finance Management Act has had a profound effect on the Local Government operations that required a transformation in financial planning.

This 2009/2010 Medium-term Budget is an expression of a continuous process of improving the financial planning progress at a Local Government level, incorporating revised formats in accordance with National Treasury requirements. This budget has surpassed most of these requirements within the deadlines prescribed in the MFMA.

National Treasury has developed regulations for new budget formats and contents. Medium and Low capacity Municipalities do not have to comply for 2009/2010. Once the regulations have been approved it will be mandatory to comply.(2010/2011)

The following are some of the key MFMA areas and the relative status:

IDP:

The 2009/2010 was reviewed and approved by council, including community consultation as required by legislation.

Budget:

This Annual Budget has been developed taking the MFMA and National Treasury requirements into account. Budgets are being tabled and approved within the required legislative timeframes.

Annual Report:

The Annual Report has been developed taking the MFMA and National Treasury requirements into account.

In Year Reporting:

The Municipality submits the various reports required, in accordance with the MFMA to the Executive Committee, Provincial and National Treasury on an ongoing basis.

Budget and Treasury Offices:

A Budget and Treasury Office has been established in accordance with the MFMA and National Treasury requirements.

9. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The MFMA provides a framework for effective and efficient Financial Management in budgeting as a way of promoting transparency, participation and accountability.

In particular, the MFMA requires Municipalities to prepare a Service Delivery and Budget Implementation Plan as a strategic Financial Management tool to ensure that budgetary decisions that are adopted by Municipalities are aligned with the IDP Strategy.

The SDBIP serves to provide an implementation plan that covers all functional areas of the Municipality and focuses on actual implementation and delivery with mechanisms for regular review.

The primary objective of the SDBIP is to strengthen local accountability and governance and improve capital, as well as operational, planning, spending and service delivery. The SDBIP is an integral part of the financial planning process, and even though its approval occurs after the medium term budget, its preparation has occurred in tandem with the budget.

To avoid issues related to budgets being under-spent and not achieving the programme's desired outcomes an outline of quarterly projections of service delivery targets and performance indicators are also included.

The SDBIP contains the following main elements:

- Monthly projections of revenue for each source
- Monthly projections of expenditure / income for each vote
- Quarterly projections of service delivery targets and performance indicators for each vote

The service delivery targets and performance indicators will be monitored and reported to Council quarterly on whether the desired outcomes are achieved.

10. FINANCIAL BENCHMARKS:

The benchmarks reflected in the table below are based on actual audited results in the 2007/2008 Financial Year:

Financial Benchmarks	Basis of Calculation	2007/2008
Debt to Asset Ratio	Total Debt / Total Assets	0.06:1
Debt to Revenue	Total Debt / Annual Income	0.09:1
Capital Charges to Operating Expenditure	Interest Paid / Operating Expenditure	0.02:1
Current Ratio	Current Assets / Current Liabilities	0.45:1
OTHER INDICATORS		
Electricity Distribution Losses	Total units purchased less total units sold / Total units purchased	9.40%
Water Distribution Losses	Total Units purchased less total units sold / Total units purchased	19.37%

The Financial Benchmarks reflected in the table above indicate that the Municipality continues to maintain its financially healthy status. However, attention to the electricity and water losses will have to be addressed.

11. SERVICE TARIFFS: SAMPLES

Sample of residential tariff increase: In order to illustrate the effects of the tariff increases on the residents of the area, a sample of households is selected on estimated consumption as follows:

11.1 Electricity and Water:

SAMPLE CATGORY	ELECTRICITY CONSUMPTION	WATER CONSUMPTION	ELECTRICITY % INCREASES	WATER % INCREASES
Household 1 (Indigents)	50KwH	6kl	0	0
Household 2	498KwH	18kl	28.10%	8.06%
Household 3	1000KwH	30kl	28.76%	8.06%
Household 4	1000KwH	40kl	28.76%	8.06%

MONTHLY COST (VAT INCLUSIVE)			
	ELECTRICITY R	WATER R	TOTAL R
HOUSEHOLD 1(APPROVED INDIGENTS)			
2008/09	0	0	0
2009/2010	0	0	0
Increase per month	0	0	0
HOUSEHOLD 2			
2008/09	324.71	83.47	408.18
2009/2010	415.96	90.20	506.16
Increase per month	91.25	6.73	97.98
HOUSEHOLD 3			
2008/09	571.94	140.78	712.72
2009/2010	736.44	152.12	888.56
Increase per month	164.50	11.34	175.84
HOUSEHOLD 4			
2008/09	571.94	186.26	758.20
2009/2010	736.44	201.26	937.70
Increase per month	164.50	14.99	179.49

11.2 Other (Refuse and Sewerage):

MONTHLY COST(VAT INCLUSIVE)			
	REFUSE R	SEWERAGE R	TOTAL R
HOUSEHOLD 1(APPROVED INDIGENTS)			
2008/09	0	0	0
2009/2010	0	0	0
Increase per month	0	0	0
HOUSEHOLD 2			
2008/09	48.17	39.84	88.01
2009/2010	53.58	43.03	96.61
Increase per month	5.42	3.19	13.96
HOUSEHOLD 3			
2008/09	48.17	106.72	154.89
2009/2010	53.58	115.26	168.84
Increase per month	5.42	8.54	13.96
HOUSEHOLD 4			
2008/09	48.17	125.34	173.51
2009/2010	53.58	135.38	188.96
Increase per month	5.42	10.03	15.45

11.3 Rates:

The re-valuation of properties in terms of the Municipal Property Rates Act, meant that properties with similar rateable values and paying the same amount in property rates in the 2008/2009 year, will not necessarily have the same market valuation in 2009/2010. Accordingly the rates payable by the said properties in 2009/2010 will differ and accordingly year on year comparisons would not be feasible.

However, the illustration, hereunder are examples of what typical residential ratepayers, would be paying in 2009/2010 in terms of the proposed rate randage i.e.

- (i) Rate randage – 0.009 c/R
- (ii) Rebate – R15 000.00 (subject to amendment)

PROPERTY VALUE R	REBATE R	RATEABLE VALUE R	ANNUAL RATES R	MONTHLY RATES R
			General R	General R
50,000	15,000	35,000	315.00	26.25
560,000	15,000	545,000	4,905.00	408.75
970000	15,000	955,000	8,595.00	716.25
1100,000	15,000	1,085,000	9,765.00	813.75

TABLE A

UMJINDI MUNICIPALITY

MULTI YEAR BUDGET
SUMMARY OF OPERATING BUDGET 2009/2010

DEPARTMENT	SALARIES WAGES & SUBSIDY	GENERAL EXPENSES	REPAIRS AND MAINTENANCE	CAPITAL COSTS(I & R)	CONTRIBUTION INCOME	EXPENDITURE 1	LESS DEBITED	EXPENDITURE 2	CAPITAL EXPENDITURE	EXPENDITURE 3	INCOME	SHORTAGE (-) SURPLUS +
GENERAL SERVICES												
1 CEMETERY	724 297	1 217 458	6 336	0	0	1 948 091	0	1 948 091	0	1 948 091	(173 282)	(1 774 809)
2 LIBRARY	707 829	335 212	45	0	0	1 043 086	0	1 043 086	58 000	1 101 086	(13 947)	(1 087 139)
3 FIRE BRIGADE	158 700	88 041	1 829	0	0	248 569	0	248 569	0	248 569	(20 000)	(228 569)
4 DISASTER MANAGEMENT	0	505 552	0	0	0	505 552	0	505 552	0	505 552	(500 000)	(5 552)
5 TOWN GROUNDS	0	0	0	0	0	0	0	0	1 300 000	1 300 000	(17 553 455)	16 253 455
6 ASSESSMENT RATES	0	1 983 326	0	0	0	1 983 326	0	1 983 326	0	1 983 326	(14 630 875)	12 647 550
7 GRANT-IN-AID & DONATIONS	0	25 515	0	0	0	25 515	0	25 515	0	25 515	0	(25 515)
8 CLINIC - CATHYVILLE	0	0	0	0	0	0	0	0	0	0	0	0
9 CLINIC - BARBERTON	0	0	0	0	0	0	0	0	0	0	(86 640)	86 640
10 LED/IDP	1 056 706	294 476	35 472	0	0	1 386 654	0	1 386 654	0	1 386 654	(874)	(1 385 779)
11 LICENCES	1 577 512	567 870	16 215	0	0	2 161 597	-417 027	1 744 570	0	1 744 570	(1 815 328)	70 758
12 MUNICIPAL BUILDINGS	352 627	421 881	238 489	0	0	1 012 996	0	1 012 996	1 500 000	2 512 996	(929 515)	(1 583 481)
13 MAYOR'S OFFICE	531 015	2 442 089	0	0	0	2 973 104	-2 970 641	2 463	0	2 463	(4 244)	1 782
14 COMMUNITY SERVICES	1 724 597	366 819	9 701	0	0	2 101 117	-1 155 577	945 540	0	945 540	(3 582)	(941 958)
15 PUBLIC WORKS : ROADS	3 221 610	2 090 407	1 909 203	0	0	7 221 220	0	7 221 220	9 770 908	16 992 128	(4 673 408)	(12 318 720)
16 IT SERVICES	590 139	33 345	262 369	0	0	885 853	-238 472	647 381	0	647 381	0	(647 381)
17 PARKS	3 984 002	2 220 605	119 049	0	0	6 323 656	-3 011 213	3 312 443	1 528 850	4 841 293	(779 365)	(4 061 928)
18 PUBLICITY	301 406	485 510	879	0	0	787 795	0	787 795	0	787 795	0	(787 795)
19 COUNCIL GENERAL EXPENSES	0	5 447 609	7 526	0	606 896	6 062 030	0	6 062 030	900 000	6 962 030	(23 331)	(6 938 699)
20 INTERNAL AUDIT	513 571	99 543	0	0	0	613 114	-498 549	114 565	0	114 565	(44)	(114 521)
21 REFUSE REMOVAL	3 669 012	2 196 525	12 300	0	0	5 877 837	0	5 877 837	175 000	6 052 837	(7 053 881)	1 001 045
22 TOWN PLANNING	2 356 353	8 904 315	7 437	0	0	11 268 105	0	11 268 105	0	11 268 105	(9 618 455)	(1 649 649)
23 CIVIL SERVICES	1 493 714	712 970	4 128	0	0	2 210 812	-1 102 627	1 108 185	0	1 108 185	(112 763)	(995 422)
24 CORPORATE SERVICES	3 140 073	1 206 157	8 235	0	0	4 354 465	-4 355 541	-1 076	0	-1 076	(1 536)	2 612
25 MUNICIPAL MANAGER	1 324 372	109 898	5 150	0	0	1 439 420	-1 448 965	-9 546	10 000	455	(1 324)	869
26 FINANCIAL SERVICES	5 438 033	19 356 829	95 735	10 000 000	3 569 992	38 460 589	-1 284 214	37 176 375	3 900 000	41 076 375	(35 527 147)	(5 549 227)
27 DEPUTY MUNICIPAL MANAGER	845 776	11 942	0	0	0	857 718	-858 233	-516	0	-516	0	516
28 SWIMMING POOL	266 656	1 603 736	109 156	0	0	1 979 548	0	1 979 548	0	1 979 548	(47 915)	(1 931 633)
29 SECURITY	0	500 000	0	0	0	500 000	-500 000	0	0	0	0	0
30 TRAFFIC	1 564 110	908 912	91 757	0	0	2 564 779	-795 797	1 768 982	0	1 768 982	(319 651)	(1 449 331)
31 AIRPORT	0	0	0	0	0	0	0	0	0	0	0	0
32 WORKSHOP	760 375	4 910 240	15 587	0	0	5 686 202	-2 981 789	2 704 413	0	2 704 413	0	(2 704 413)
33 STORES	1 402 945	508 209	35 422	0	0	1 946 576	0	1 946 576	135 000	2 081 576	(557 805)	(1 523 771)
34 METER READING	797 417	25 078	11 449	0	0	833 944	-833 944	-1	0	-1	(209 059)	209 060
35 CUSTOMER CARE UNIT	786 754	5 436	7 500	0	0	799 690	-766 089	33 601	0	33 601	-849	(32 752)
36 STREET LIGHTNING	273 583	969 471	260 582	0	0	1 503 636	0	1 503 636	1 614 000	3 117 636	(1 204 000)	(1 913 636)
37 PROJECT MANAGEMENT	318 553	161 268	0	0	0	479 821	0	479 821	0	479 821	-521 000	41 179
38 LED UNIT	670 458	2 876 018	4 050	0	0	3 550 526	0	3 550 526	573 000	4 123 526	-1 800 055	(2 323 471)
39 HIV & AIDS UNIT	302 691	156 015	0	0	0	458 706	0	458 706	0	458 706	0	(458 706)
40 HOUSING PERSONNEL	0	0	0	0	0	0	0	0	0	0	(7 838)	7 838
52 REGIONAL SEWERAGE WORK	1 187 544	2 760 925	528 802	327 893	0	4 805 163	0	4 805 163	1 888 300	6 693 463	(4 767 083)	(1 926 380)
187 APPROPRIATION ACCOUNT	0	2 879 369	0	0	0	2 879 369	0	2 879 369	0	2 879 369	0	(2 879 369)
SUB TOTAL:GEN SERVICES	42 042 430	69 388 563	3 804 400	10 327 893	4 176 888	129 740 173	-23 218 678	106 521 495	23 353 058	129 874 553	(102 958 250)	(26 916 303)

	DEPARTMENT	SALARIES WAGES & SUBSIDY	GENERAL EXPENSES	REPAIRS AND MAINTENANCE	CAPITAL COSTS(I & R)	CONTRIBUTION INCOME	EXPENDITURE 1	LESS DEBITED	EXPENDITURE 2	CAPITAL EXPENDITURE	EXPENDITURE 3	INCOME	SHORTAGE (-) SURPLUS +
HOUSING													
190	50 BOBS HOUSES	0	0	0	0	0	0	0	0	0	0	(62 360)	62 360
191	OLD AGE CARE CENTRE	555 949	201 497	18 000	0	0	775 446	0	775 446	0	775 446	(217 780)	(557 666)
192	135 FAMILY UNITS	0	0	0	0	0	0	0	0	0	0	(137 476)	137 476
193	PUMULA OLD AGE HOME	0	8 540	0	0	0	8 540	0	8 540	0	8 540	(12 863)	4 323
194	HOUSING SUB-ECON	0	0	0	0	0	0	0	0	0	0	(75 354)	75 354
195	RENTAL EXTENSION 2	0	0	0	0	0	0	0	0	0	0	(606)	606
196	RENTAL EXTENSION 5	0	0	0	0	0	0	0	0	0	0	0	0
	SUB TOTAL : HOUSING	555 949	210 037	18 000	0	0	783 986	0	783 986	0	783 986	(506 440)	(277 546)
TRADING SERVICES													
170	ELECTRICITY	4 579 739	27 546 368	1 666 567	608 648	0	34 401 322	-5 252 277	29 149 045	12 239 800	41 388 845	(51 462 516)	10 073 671
180	WATER	2 981 971	5 696 069	1 112 285	363 942	0	10 154 267	0	10 154 267	11 511 242	21 665 509	(27 447 676)	5 782 167
	SUB TOTAL TRADE SERVICES	7 561 710	33 242 437	2 778 852	972 590	0	44 555 588	-5 252 277	39 303 311	23 751 042	63 054 353	(78 910 191)	15 855 838
	TOTAL	50 160 089	102 841 037	6 601 252	11 300 482	4 176 888	175 079 747	-28 470 955	146 608 792	47 104 100	193 712 892	-182 374 881	-11 338 011
	% OF EXPENDITURE	25.89	53.09	3.41	5.83	2.16		14.70		24.32	100		(6)
	% OF INCOME	27.50	56.39	3.62	6.20	2.29		15.61		25.83		106	

(My documents/Budget multy year/Table A budget summary)

DEPARTMENT	SALARIES WAGES & SUBSIDY	GENERAL EXPENSES	REPAIRS AND MAINTENANCE	CAPITAL COSTS(I & R)	CONTRIBUTION INCOME	EXPENDITURE 1	LESS DEBITED	EXPENDITURE 2	CAPITAL EXPENDITURE	EXPENDITURE 3	INCOME	SHORTAGE (-) SURPLUS +
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Operating budget per Directorate	R	%
Civil svices	36 049 756	25
Community srevices	20 642 422	14
Electrical services	33 357 094	23
Corporate services	4 370 846	3
Finance	7 456 651	5
Municipal manager	1 491 157	1
CFO	37 176 375	25
Council	6 064 492	4
TOTAL	146 608 792	100
Councillors remuneration	3 594 581	
Councillors pension	404 388	
Councillors medical aid	116 400	
Total councilor remuneration	4 115 369	

TABLE A

UMJINDI MUNICIPALITY

MULTI YEAR BUDGET
SUMMARY OF OPERATING BUDGET 2010/2011

DEPARTMENT	SALARIES WAGES & SUBSIDY	GENERAL EXPENSES	REPAIRS AND MAINTENANCE	CAPITAL COSTS(I & R)	CONTRIBUTION INCOME	EXPENDITURE 1	LESS DEBITED	EXPENDITURE 2	CAPITAL EXPENDITURE	EXPENDITURE 3	INCOME	SHORTAGE - SURPLUS +
GENERAL SERVICES												
1 CEMETERY	760 512	1 278 330	6 653	0	0	2 045 495	0	2 045 495	0	2 045 495	(183 679)	(1 861 816)
2 LIBRARY	743 220	351 972	47	0	0	1 095 240	0	1 095 240	60 900	1 156 140	(14 783)	(1 141 356)
3 FIRE BRIGADE	166 635	92 443	1 920	0	0	260 997	0	260 997	0	260 997	(21 200)	(239 797)
4 DISASTER MANAGEMENT	0	530 829	0	0	0	530 829	0	530 829	0	530 829	0	(530 829)
5 TOWN GROUNDS	0	0	0	0	0	0	0	0	0	0	(1 010 662)	1 010 662
6 ASSESSMENT RATES	0	2 082 492	0	0	0	2 082 492	0	2 082 492	0	2 082 492	(15 508 728)	13 426 236
7 GRANT-IN-AID & DONATIONS	0	26 791	0	0	0	26 791	0	26 791	0	26 791	0	(26 791)
8 CLINIC - CATHYVILLE	0	0	0	0	0	0	0	0	0	0	0	0
9 CLINIC - BARBERTON	0	0	0	0	0	0	0	0	0	0	(91 838)	91 838
10 LED/IDP	1 109 541	309 199	37 246	0	0	1 455 986	0	1 455 986	0	1 455 986	(927)	(1 455 060)
11 LICENCES	1 656 388	596 264	17 026	0	0	2 269 677	-437 878	1 831 799	0	1 831 799	(1 924 248)	92 449
12 MUNICIPAL BUILDINGS	370 258	442 975	250 413	0	0	1 063 646	0	1 063 646	10 500	1 074 146	(37 646)	(1 036 500)
13 MAYOR'S OFFICE	557 566	2 564 193	0	0	0	3 121 759	-3 119 173	2 586	0	2 586	(4 499)	1 913
14 COMMUNITY SERVICES	1 810 827	385 160	10 186	0	0	2 206 172	-1 213 356	992 816	0	992 816	(3 797)	(989 020)
15 PUBLIC WORKS : ROADS	3 382 691	2 194 927	2 004 663	0	0	7 582 281	0	7 582 281	5 104 453	12 686 734	(4 953 812)	(7 732 922)
16 IT SERVICES	619 646	35 012	275 487	0	0	930 146	-250 396	679 750	0	679 750	0	(679 750)
17 PARKS	4 183 202	2 331 635	125 001	0	0	6 639 839	-3 161 774	3 478 065	1 605 293	5 083 358	(826 127)	(4 257 231)
18 PUBLICITY	316 476	509 785	923	0	0	827 184	0	827 184	0	827 184	0	(827 184)
19 COUNCIL GENERAL EXPENSES	0	5 719 989	7 902	0	637 241	6 365 131	0	6 365 131	945 000	7 310 131	(24 731)	(7 285 401)
20 INTERNAL AUDIT	539 250	104 520	0	0	0	643 769	-523 476	120 293	0	120 293	(46)	(120 246)
21 REFUSE REMOVAL	3 852 463	2 306 351	12 915	0	0	6 171 728	0	6 171 728	183 750	6 355 478	(7 477 114)	1 121 636
22 TOWN PLANNING	2 474 171	9 349 530	7 809	0	0	11 831 510	0	11 831 510	0	11 831 510	(10 195 563)	(1 635 947)
23 CIVIL SERVICES	1 568 400	748 619	4 334	0	0	2 321 353	-1 157 758	1 163 594	0	1 163 594	(119 529)	(1 044 066)
24 CORPORATE SERVICES	3 297 077	1 266 465	8 647	0	0	4 572 188	-4 573 318	-1 130	0	-1 130	(1 628)	2 758
25 MUNICIPAL MANAGER	1 390 591	115 392	5 408	0	0	1 511 390	-1 521 413	-10 023	10 500	477	(1 403)	926
26 FINANCIAL SERVICES	5 709 935	20 515 420	100 522	10 500 000	3 748 491	40 574 368	-1 348 425	39 225 944	150 000	39 375 944	(42 843 763)	3 467 820
27 DEPUTY MUNICIPAL MANAGER	888 065	12 539	0	0	0	900 603	-901 145	-541	0	-541	0	541
28 SWIMMING POOL	279 989	1 683 923	114 614	0	0	2 078 525	0	2 078 525	0	2 078 525	(50 790)	(2 027 736)
29 SECURITY	0	525 000	0	0	0	525 000	-525 000	0	0	0	0	0
30 TRAFFIC	1 642 316	954 358	96 345	0	0	2 693 018	-835 587	1 857 431	0	1 857 431	(338 830)	(1 518 601)
31 AIRPORT	0	0	0	0	0	0	0	0	0	0	0	0
32 WORKSHOP	798 394	5 155 752	16 366	0	0	5 970 512	-3 130 878	2 839 634	0	2 839 634	0	(2 839 634)
33 STORES	1 473 092	533 619	37 193	0	0	2 043 904	0	2 043 904	141 750	2 185 654	(591 273)	(1 594 381)
34 METER READING	837 288	26 331	12 021	0	0	875 641	-875 641	-1	0	-1	(221 603)	221 603
35 CUSTOMER CARE UNIT	826 092	5 708	7 875	0	0	839 675	-804 393	35 281	0	35 281	-900	(34 381)
36 STREET LIGHTNING	287 262	1 017 945	273 611	0	0	1 578 818	0	1 578 818	500 000	2 078 818	(1 276 240)	(802 578)
37 PROJECT MANAGEMENT	334 481	169 331	0	0	0	503 812	0	503 812	0	503 812	-552 260	48 448
38 LED UNIT	703 981	1 129 819	4 253	0	0	1 838 052	0	1 838 052	601 650	2 439 702	-58	(2 439 644)
39 HIV & AIDS UNIT	317 826	163 816	0	0	0	481 641	0	481 641	0	481 641	0	(481 641)
40 HOUSING PERSONNEL	0	0	0	0	0	0	0	0	0	0	(8 308)	8 308
52 REGIONAL SEWERAGE WORK	1 246 921	2 898 971	555 242	344 287	0	5 045 421	0	5 045 421	617 715	5 663 136	(5 053 108)	(610 028)
187 APPROPRIATION ACCOUNT	0	0	0	0	0	0	0	0	0	0	0	0
SUB TOTAL: GEN SERVICES	44 144 552	68 135 404	3 994 620	10 844 287	4 385 732	131 504 594	-24 379 612	107 124 983	9 931 511	117 056 493	(93 339 092)	(23 717 402)

DEPARTMENT		SALARIES WAGES & SUBSIDY	GENERAL EXPENSES	REPAIRS AND MAINTENANCE	CAPITAL COSTS(I & R)	CONTRIBUTION INCOME	EXPENDITURE 1	LESS DEBITED	EXPENDITURE 2	CAPITAL EXPENDITURE	EXPENDITURE 3	INCOME	SHORTAGE - SURPLUS +
HOUSING													
190	50 BOBS HOUSES	0	0	0	0	0	0	0	0	0	0	(66 102)	66 102
191	OLD AGE CARE CENTRE	583 746	211 572	18 900	0	0	814 218	0	814 218	0	814 218	(230 847)	(583 372)
192	135 FAMILY UNITS	0	0	0	0	0	0	0	0	0	0	(145 725)	145 725
193	PUMULA OLD AGE HOME	0	8 966	0	0	0	8 966	0	8 966	0	8 966	(13 635)	4 668
194	HOUSING SUB-ECON	0	0	0	0	0	0	0	0	0	0	(79 876)	79 876
195	RENTAL EXTENSION 2	0	0	0	0	0	0	0	0	0	0	(642)	642
196	RENTAL EXTENSION 5	0	0	0	0	0	0	0	0	0	0	0	0
SUB TOTAL : HOUSING		583 746	220 538	18 900	0	0	823 185	0	823 185	0	823 185	(536 826)	(286 359)
TRADING SERVICES													
170	ELECTRICITY	4 808 726	30 241 178	1 749 895	639 080	0	37 438 879	-5 514 891	31 923 988	9 300 790	41 224 778	(53 783 666)	12 558 889
180	WATER	3 131 070	5 980 872	1 167 899	382 139	0	10 661 980	0	10 661 980	12 460 494	23 122 474	(30 677 617)	7 555 143
SUB TOTAL TRADE SERVICES		7 939 796	36 222 050	2 917 794	1 021 219	0	48 100 859	-5 514 891	42 585 968	21 761 284	64 347 252	(84 461 283)	20 114 032
TOTAL		52 668 093	104 577 992	6 931 314	11 865 506	4 385 732	180 428 638	-29 894 503	150 534 135	31 692 795	182 226 930	-178 337 201	-3 889 729
% OF EXPENDITURE		28.90	57.39	3.80	6.51	2.41		16.41		17.39	100		(2)
% OF INCOME		29.53	58.64	3.89	6.65	2.46		16.76		17.77		102	

(My documents/Budget multy year/Table A budget summary)

TABLE A

UMJINDI MUNICIPALITY

MULTI YEAR BUDGET
SUMMARY OF OPERATING BUDGET 2011/2012

DEPARTMENT	SALARIES WAGES & SUBSIDY	GENERAL EXPENSES	REPAIRS AND MAINTENANCE	CAPITAL COSTS(I & R)	CONTRIBUTION INCOME	EXPENDITURE 1	LESS DEBITED	EXPENDITURE 2	CAPITAL EXPENDITURE	EXPENDITURE 3	INCOME	SHORTAGE - SURPLUS +
GENERAL SERVICES												
1 CEMETERY	806 143	1 355 030	7 052	0	0	2 168 225	0	2 168 225	0	2 168 225	(194 699)	(1 973 525)
2 LIBRARY	787 814	373 090	50	0	0	1 160 954	0	1 160 954	64 554	1 225 508	(15 670)	(1 209 838)
3 FIRE BRIGADE	176 633	97 989	2 035	0	0	276 657	0	276 657	0	276 657	(22 472)	(254 185)
4 DISASTER MANAGEMENT	0	562 679	0	0	0	562 679	0	562 679	0	562 679	0	(562 679)
5 TOWN GROUNDS	0	0	0	0	0	0	0	0	0	0	(1 071 302)	1 071 302
6 ASSESSMENT RATES	0	2 207 441	0	0	0	2 207 441	0	2 207 441	0	2 207 441	(16 439 251)	14 231 810
7 GRANT-IN-AID & DONATIONS	0	28 398	0	0	0	28 398	0	28 398	0	28 398	0	(28 398)
8 CLINIC - CATHYVILLE	0	0	0	0	0	0	0	0	0	0	0	0
9 CLINIC - BARBERTON	0	0	0	0	0	0	0	0	0	0	(97 349)	97 349
10 LED/IDP	1 176 114	327 751	39 480	0	0	1 543 345	0	1 543 345	0	1 543 345	(982)	(1 542 363)
11 LICENCES	1 755 771	632 039	18 047	0	0	2 405 857	-464 151	1 941 706	0	1 941 706	(2 039 703)	97 996
12 MUNICIPAL BUILDINGS	392 474	469 553	265 438	0	0	1 127 465	0	1 127 465	11 130	1 138 595	(39 905)	(1 098 690)
13 MAYOR'S OFFICE	591 020	2 718 045	0	0	0	3 309 064	-3 306 323	2 741	0	2 741	(4 769)	2 028
14 COMMUNITY SERVICES	1 919 476	408 270	10 797	0	0	2 338 543	-1 286 157	1 052 385	0	1 052 385	(4 025)	(1 048 361)
15 PUBLIC WORKS : ROADS	3 585 652	2 326 623	2 124 943	0	0	8 037 218	0	8 037 218	5 410 721	13 447 938	(5 251 041)	(8 196 897)
16 IT SERVICES	656 825	37 113	292 017	0	0	985 954	-265 419	720 535	0	720 535	0	(720 535)
17 PARKS	4 434 194	2 471 533	132 502	0	0	7 038 229	-3 351 480	3 686 749	1 701 610	5 388 359	(875 695)	(4 512 664)
18 PUBLICITY	335 465	540 372	978	0	0	876 815	0	876 815	0	876 815	0	(876 815)
19 COUNCIL GENERAL EXPENSES	0	6 063 188	8 376	0	675 475	6 747 039	0	6 747 039	1 001 700	7 748 739	(26 214)	(7 722 525)
20 INTERNAL AUDIT	571 605	110 791	0	0	0	682 395	-554 885	127 510	0	127 510	(49)	(127 461)
21 REFUSE REMOVAL	4 083 610	2 444 732	13 690	0	0	6 542 032	0	6 542 032	194 775	6 736 807	(7 925 741)	1 188 934
22 TOWN PLANNING	2 622 621	9 910 502	8 277	0	0	12 541 400	0	12 541 400	0	12 541 400	(10 807 296)	(1 734 104)
23 CIVIL SERVICES	1 662 504	793 536	4 594	0	0	2 460 634	-1 227 224	1 233 410	0	1 233 410	(126 700)	(1 106 710)
24 CORPORATE SERVICES	3 494 901	1 342 453	9 166	0	0	4 846 520	-4 847 717	-1 198	0	-1 198	(1 726)	2 923
25 MUNICIPAL MANAGER	1 474 026	122 316	5 732	0	0	1 602 074	-1 612 698	-10 624	11 130	506	(1 487)	981
26 FINANCIAL SERVICES	6 052 531	21 981 346	106 553	9 520 500	3 973 401	41 634 330	-1 429 330	40 205 000	159 000	40 364 000	(43 619 068)	3 255 068
27 DEPUTY MUNICIPAL MANAGER	941 349	13 291	0	0	0	954 640	-955 213	-574	0	-574	0	574
28 SWIMMING POOL	296 788	1 784 958	121 491	0	0	2 203 237	0	2 203 237	0	2 203 237	(53 837)	(2 149 400)
29 SECURITY	0	556 500	0	0	0	556 500	-556 500	0	0	0	0	0
30 TRAFFIC	1 740 854	1 011 619	102 126	0	0	2 854 599	-885 722	1 968 877	0	1 968 877	(359 159)	(1 609 718)
31 AIRPORT	0	0	0	0	0	0	0	0	0	0	0	0
32 WORKSHOP	846 297	5 465 097	17 348	0	0	6 328 743	-3 318 731	3 010 012	0	3 010 012	0	(3 010 012)
33 STORES	1 561 478	565 637	39 424	0	0	2 166 539	0	2 166 539	150 255	2 316 794	(626 750)	(1 690 044)
34 METER READING	887 525	27 911	12 743	0	0	928 179	-928 180	-1	0	-1	(234 899)	234 900
35 CUSTOMER CARE UNIT	875 657	6 050	8 348	0	0	890 055	-852 657	37 398	0	37 398	-954	(36 444)
36 STREET LIGHTNING	304 498	1 079 021	290 028	0	0	1 673 547	0	1 673 547	530 000	2 203 547	(1 352 814)	(850 732)
37 PROJECT MANAGEMENT	354 549	179 491	0	0	0	534 041	0	534 041	0	534 041	-585 396	51 355
38 LED UNIT	746 220	1 197 608	4 508	0	0	1 948 335	0	1 948 335	637 749	2 586 084	-62	(2 586 023)
39 HIV & AIDS UNIT	336 895	173 645	0	0	0	510 540	0	510 540	0	510 540	0	(510 540)
40 HOUSING PERSONNEL	0	0	0	0	0	0	0	0	0	0	(8 806)	8 806
52 REGIONAL SEWERAGE WORK	1 321 736	3 072 910	588 556	364 944	0	5 348 146	0	5 348 146	654 778	6 002 924	(5 356 295)	(646 630)
187 APPROPRIATION ACCOUNT	0	0	0	0	0	0	0	0	0	0	0	0
SUB TOTAL: GEN SERVICES	46 793 225	72 458 528	4 234 297	9 885 444	4 648 876	138 020 370	-25 842 389	112 177 982	10 527 402	122 705 383	(97 144 116)	(25 561 267)

DEPARTMENT		SALARIES WAGES & SUBSIDY	GENERAL EXPENSES	REPAIRS AND MAINTENANCE	CAPITAL COSTS(I & R)	CONTRIBUTION INCOME	EXPENDITURE 1	LESS DEBITED	EXPENDITURE 2	CAPITAL EXPENDITURE	EXPENDITURE 3	INCOME	SHORTAGE - SURPLUS +
HOUSING													
190	50 BOBS HOUSES	0	0	0	0	0	0	0	0	0	0	(70 068)	70 068
191	OLD AGE CARE CENTRE	618 771	224 266	20 034	0	0	863 071	0	863 071	0	863 071	(244 697)	(618 374)
192	135 FAMILY UNITS	0	0	0	0	0	0	0	0	0	0	(154 469)	154 469
193	PUMULA OLD AGE HOME	0	9 504	0	0	0	9 504	0	9 504	0	9 504	(14 453)	4 948
194	HOUSING SUB-ECON	0	0	0	0	0	0	0	0	0	0	(84 668)	84 668
195	RENTAL EXTENSION 2	0	0	0	0	0	0	0	0	0	0	(681)	681
196	RENTAL EXTENSION 5	0	0	0	0	0	0	0	0	0	0	0	0
SUB TOTAL : HOUSING		618 771	233 771	20 034	0	0	872 576	0	872 576	0	872 576	(569 035)	(303 540)
TRADING SERVICES													
170	ELECTRICITY	5 097 250	31 661 899	1 854 889	677 425	0	39 291 462	-5 845 784	33 445 678	15 603 977	49 049 655	(62 755 826)	13 706 172
180	WATER	3 318 934	6 339 725	1 237 973	405 067	0	11 301 699	0	11 301 699	15 862 323	27 164 022	(35 172 473)	8 008 451
SUB TOTAL TRADE SERVICES		8 416 183	38 001 623	3 092 862	1 082 492	0	50 593 160	-5 845 784	44 747 376	31 466 300	76 213 677	(97 928 299)	21 714 623
TOTAL		55 828 179	110 693 922	7 347 193	10 967 936	4 648 876	189 486 106	-31 688 173	157 797 934	41 993 702	199 791 635	-195 641 451	-4 150 184
% OF EXPENDITURE		27.94	55.40	3.68	5.49	2.33		15.86		21.02	100		(2)
% OF INCOME		28.54	56.58	3.76	5.61	2.38		16.20		21.46		102	

(My documents/Budget multy year/Table A budget summary)

Operating Budget 2009/2010 expenditure

